G. R. S. IX-5]

Previous references.

Banking 16-97
" 6-1900

1902-1903
191 .
(Banking)

File No. 34 of 1902

Serial Nos. 1-2

Later references.

Banking 34-02863-4
" 14-05

P 23

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. 1—2

Part B for July 1903.

SUBJECT.

Report on Inspection of the Agricultural Bank at Vitagondanapalya, Kunigal Sub Taluk.

Referred
[illegible]

W D 88—GPB—50,000—24-7-16

R40
3

FROM The Inspector of Agricultural Banks in Mysore,

To The Secretary to the Government of His Highness the Maharaja of Mysore General and Revenue Depts

Dated 30th June 1903

Despatched

Received

General No. 457

No.

Enclosure No. 1 Report.

Section

File No

Submitting the report of Mr S. Balasundaramiyer on the Vitapondanallappa Agricultural Bank.

7C
Gul 7.7.03
Returned
2.7.03
File put up
10/7/03.

2

Inspection report of Agricultural Bank at Vitgondanakoppa, Kumsi Sub-Taluk, Shimoga District.

1. Date of present Inspection.

16th and 17th February 1903.

~~2. Whether you have studied the papers relating to the formation and working of Agricultural Banks in Mysore, the Articles of Association of this bank, and the provisions of the Mysore Companies' Regulation.~~

3. (a) Whether there is a duly registered suitable bank office where members and depositors could call and have their business attended to; and if there had been any change in the office since last inspection, why necessitated and whether duly registered.

2 (a). Yes. The Bank office is located in a small room of Patel and agent Kencharvera-ja's house, Khanesha-mari No. 1 of Vitgondana-koppa village. This office has been duly registered.

(b). There has been no change of the premises since last inspection.

(c) Nil.

3(a) Whether any dates and hours are fixed for transaction of business, whether business is regularly transacted at those dates and hours if no appointment is thus made, what arrangements exist for the due transaction of business when members and depositors call; and on how many days in a month is business done.

3(a) No dates and hours are fixed for transaction of business.

(b & c). Business is only transacted when necessary and the parties seek out the agent or he sends for them. Work is only done during the collection season, viz., in June and December.

(d) During June and December work is done on 7 or 8 days and at other times there is no work.

6. (a) Whether the bank's registers, accounts, title-deeds, documents, cash balance and other property are kept in the bank premises in the custody of the President and Agent, and if any of them are not so kept, where and how they are kept, under what authority and upon whose responsibility.

4 (a & b). Banks registers, accounts, title-deeds, documents &c are kept in the agents' house in

in his custody. The President has nothing to do with their custody. In the collection season the agent also keeps the amount collected till it is remitted to the Treasury.

(c & d). No special resolution has been passed for the agent having sole custody of the papers &c.

6 (a) Whether the villages to which the members belong are sufficiently near (within a radius of five miles) to the Bank house, and duly registered; (b) at what distance do the majority of members, the directors and office-bearers reside; (c) and if business was extended to any new village whether there was proper sanction for it.

5 (a). Yes.

(b) 12 members* including President, agent and directors reside in Vitpondanallopa and 16 members live in Chamenhulli.

(c). No new village has been added on.

5

7. (a) As regards members, whether and to what extent there has been any increase or decrease in their number since formation of the bank or last inspection; (b) what was the decrease, if any, due to; (c) were the new members duly qualified, duly elected, and registered; (d) in case of members belonging to a joint Hindu family or otherwise possessing a qualified or limited status, whether there is proper representation of interests involved; (e) whether in the practical working, the bank has gained or lost in strength, energy and usefulness since formation or last inspection.

6 (a). No change since last inspection.

(b) No decrease.

(c) No.

(d) yes.

(e). The Bank has neither lost nor gained in strength or usefulness, as the bank only tries to recover the loans from the members and repay the Government loan.

8. (a) As regards credit, solvency and resources of members, whether a complete and accurate list of the lands of members is maintained. If not, how is the omission explained; (b) to what extent have fluctuations in the number of members affected the united credit of the bank; (c) Any notable instances of new acquisition or improvement since formation of the bank or last inspection; (d) any notable instances of sale or other kind of transfer, relinquishment or deterioration; (e) how these have affected the solvency and resources of the members concerned and of the Association as a whole; (f) what guarantee, if any, has the bank obtained or the rules of the General Assembly afford against alienations and relinquishments prejudicial to the Bank's interests; (h) compare the *net* amount of the value of property as per latest authenticated list with the amount of liabilities of the bank at date of inspection.

7(a) No register of the property of members is kept.

(b) The agent was told to obtain a copy of the printed register and keep it in proper form, at the time of the last inspection.

The

The agent explains that he had forgotten all about the opening of a register. He has again been told that a printed book will be supplied on application to the Inspector of Agricultural Banks and that the Register should be kept.

(c) The Bank has no credit, as deposits are not made, what credit it had at its formation has not been impaired.

(d) Nothing worth noticing.

(e) None.

(f) Not affected.

(g) The documents executed by members contain a clause providing against any act on the part of the members prejudicial

to

to the interests of the Bank.

(b) Net value of property hypothecated to the Bank is 4400 Rs and total amount of liabilities of Bank at the date of inspection is Rs 1500/- exclusive of interest.

9. (a) As regards Bank's funds, note whether the limit fixed at formation had been increased or decreased under due authority; (b) whether the bank had in its dealings unauthorizedly exceeded the limit and if so how is this explained or proposed to be rectified. (c) Classify the Bank's funds at date of inspection with reference to the sources from which they were derived viz:—entrance fee, contributions, loans from Government, if any, loans from others, deposits from members (1) in Cash and (2) in grain, deposits from outsiders, Debentures etc. (d) Note whether the bank's credit is well established and sustained, or steadily growing (e) if otherwise to what extent such result is due to any action or omission of the bank's authorities and what other causes are likely to have contributed to it (f) whether the lessons of co-operation, mutual help and thrift are understood and practised, if not, inculcate them to as large a body of members and outsiders as can be gathered.

8(a). The limit of the Bank's funds was fixed at 3000/- Rs at the time of formation and has not been exceeded or reduced.

(b) No.

(c) The bank's funds at date of inspection are:—

8

	Rs.	as.	Ps.
Entrance fee	9	8	"
Contributions	"	"	"
Loan from Government	1500	"	"
Loans from others	"	"	"
Deposits from members	"	"	"
Deposits from outsiders	"	"	"
Reserve fund	20	2	"
Total Rs	1529	10	"

(d) Credit contains to be the same as at starting. No outsiders have carried on transactions with the bank by deposits &c.

(e) People who have money to invest get a higher rate of interest by themselves lending money and do not therefore deposit in the Bank.

(f) Yes.

9

9(a) The Government loan was to be repaid in 10 instalments of 250 Rs each beginning from June 1899. Four instalments amounting to Rs 1000/- had been paid to the Taluk Treasury by the end of December 1902.

(b) The amount outstanding at date of inspection is Rs 1500/-.

(c) The loan may be continued.

(d) Not necessary.

10(a) No cases of deposits or loans from others.

(b) (—).

(c) —.

9(a) As regards Government loan, note whether the terms fixed for repayment are duly acted up to or there has been gross delay, dilatoriness or neglect; (b) the amount outstanding against the bank at date of inspection; (c) whether the loan may be continued subject to the terms allowed for repayment; (d) whether in your opinion it is advisable to withdraw the loan under the provisions of sections 74 & 75 of the articles of association; and state reasons for such opinion briefly and concisely.

875 u. in end of '02
125 " " '02
1000

10(a) As regards loans and deposits from others note the terms allowed, generally in regard to rate of interest and time for repayment; (b) whether the sanction of the General Assembly had been obtained to the rates of interest and other essential terms; whether the obligations incurred were, in any way in excess of the bank's requirements or of what local conditions of credit, prudential considerations and the progress and well being of the Bank justified; (c) whether the Bank authorities are alive to the importance of placing themselves in a position to discharge the obligations incurred, punctually completely and satisfactorily.

12. (a) As regards the Bank's transactions—Compare the Cash Book with ledgers. Receipts, chalans, Cheques, Treasury Pass Book, Contingent and establishment registers, documents etc. Is it posted up from actual transactions as they occur and in the order of their occurrence, and are entries made so clear as to be easily intelligible and traceable through the other accounts? (b) If discrepancies and omissions due to mere oversight or ignorance are found, have them rectified in a business-like manner as far as practicable and (c) note here such as are considered to be grave. In the case of corrections, see if they are initialled by the President and Agent, and if any of the corrections are not satisfactory note briefly your objections.

(d) See if disbursements were duly authorised and are supported by proper vouchers.

(e) Were the charges incurred under Establishment and contingencies real or fictitious either wholly or in part, and if real, necessary? Is the rule about members rendering gratuitous service duly respected.

(f) Note date of the last entry in the Cash Book, and the cash balance on that date according to the Cash Book and as forthcoming in the bank's chest. (g) Are instances frequent of the transgression of the limit fixed in the articles of association for cash balance in the hands of the Board of Directors, and how are they explained? (h) Are large sums kept in hand for any length of time without being utilized? (i) Is the facility afforded for keeping current account with the Treasury utilised as far as possible for minimising cash balances, if not, how is the omission explained? (j) Has there been any complaint or ground for the belief or suspicion that needlessly large balances are retained by the Agent or President for surreptitious use by himself or other members of the Board.

(k) Note the general results of the bank's cash transactions up to date of inspection in the appended form and see if the Cash Balance Sheet last submitted by the bank is correct in all particulars.

RECEIPTS.		EXPENDITURE.	
	RS. A. P.		RS. A. P.
From Treasury ...		To Treasury Current acct. principal repaid ...	
„ Depositors ...		Depositors ...	
Entrance fee ...		„ Members, loan.	
Interest and penalty ...		„ Govt. on acct. of interest ...	
Loans repaid ...		Depositors „ ...	
Other items. ...		„ Printing charges ...	
		„ Establishment.	
		„ Contingencies..	
		„ Other charges.	
Total.		Total	

II (a) Yes

(b) No discrepancies or omissions found.

(c) None to note here since last inspection

(d) This is done under the signature of the agent only.

(e) Yes.

(f) Yes; real and necessary.

(g) Yes.

(h) 31st December 1902. There was no cash balance outstanding on that date.

(i) No such instance discovered.

(j) No.

(k) Yes.

(l) No.

(m) Statement showing the cash transaction is enclosed (A). Cash balance sheet last

11

submitted found correct.

13. As regards loans to members, note if, in addition to the restrictions and limitations prescribed in section 42 of the articles of association, the General assembly has prescribed any limit with reference to the value of the landed property held by applicants for loan or offered as security by them; whether loans have been granted to any in contravention of these rules, members of joint Hindu family being taken as representing one account; how such transgressions are explained or proposed to be rectified; had any loans been granted to other than members in need or had any deserving applicants been denied to favour particular individuals, and had such instaces produced feelings of distrust and discontent and impaired the cordiality and unanimity expected to exist among the body of members; are objects for which loans are applied for, explained with sufficient clearness in the Darkhasts; is the application and use made of loans watched by the Board of Directors or other authority; have there been any instances of non application or misuse, especially of sums obtained having been used by any member for purposes of trading or private banking or money lending.

(e) Note the sums obtained and used for the several purposes indicated in the appended form.

Amount obtained.			Amount spent.		
	Rs.	A. P.		Rs.	A. P.
1 to discharge encumbrances.			1 For discharging encumbrances ...		
2 to " other debts.			2 to discharge other debts ...		
3 for agricultural purposes.			3 For Agricultural purposes...		
(a)			(a)		
(b)			(b)		
(c)			(c)		
(d)			(d)		
			4 For other purposes.		
			(a)		
			(b)		
			(c)		
			(d)		

12 (a) None.

(b) yes in all the cases.

(c) yes.

(d) None

(e) Appended statement V gives required information.

14. As regards securities obtained, note if the mortgage deeds in favor of the Bank are in proper form executed by the proper persons and duly registered (b) if prior mortgages in respect of property hypothecated to the Bank had been fully discharged and the mortgage deeds (duly discharged) produced in Bank together with title deeds (c) in case of exceptions, when the mortgages are likely to be discharged and their amount (d) the proportion the loans of first class bear to the amount of property mortgaged (e) notable cases of undue preference if any with explanation (f) whether good and sufficient personal security was obtained in the case of the second and third class loans (g) whether in the case of simple debts repaid, documents discharged, receipts &c. obtained had been produced, and in case of notable exceptions when they are expected to be produced.

(i) Note particulars in the appended form of loans outstanding against members at date of inspection exclusive of repayments.

1st class.	2nd class.	3rd class.	4th class.	Total.	Value of property under mortgage to Bank.

13 (a) Yes. They are executed by proper persons, in proper form and are duly registered.

(b). Yes; the prior mortgage deeds have been produced in the Bank office and are filed together with hypothecation deeds.

(c) No such cases.

(d). The amount of loans of the first class is Rs 2500/- and the value of the property mortgaged is Rs 4400/-.

(e). No such cases.

(f). No such loans.

(g) Yes.

(h) There are no such cases.

13

(i).

1st class.	2nd class	3rd class.	4th class.	Total.	Value of property mortgaged to the Bank
Rs 1500/-	—	—	—	Rs 1500/-	Rs 4400/-

15. (a) As regards punctuality, completeness or otherwise in the payment of dues by members—note whether the rule requiring strict punctuality is borne in mind and enforced in all practicable cases, or whether there is any unhealthy tendency to evade it; (b) how many are defaulters (1) among office-bearers and (2) among other members; (c) the amount of instalments overdue remaining unrecovered at date of inspection; (d) the amount of 2nd, 3rd and 4th class loans likewise overdue remaining unrecovered; (e) causes of unduly large arrears and large number of defaulters; (f) whether proper notice had been taken of defaults and adequate steps taken for recovery of arrears; (g) whether renewals were granted with prudence and discrimination; (h) whether the interest and penalty due to the bank had been fully recovered and (i) whether the interest due to Government and to other creditors duly paid; (j) arrears if any how explained and when expected to be paid.

14(a) The rule has generally been enforced. The payments have been fairly punctual.

(b) None.

(c) Nil.

(d) No such loans in the Bank.

(e) No arrears outstanding against the members of the Bank.

(f) —.

(g) —.

(h) —.

(i) yes.

(j) No arrears of interest due.

16. As regards surplus—Note what this amounts to up to date of inspection, taking into account the arrears remaining unrecovered of interest and other items of income; how much of this has been realized; what amount has been carried to the Reserve Fund by resolution of the General Assembly; how the Reserve Fund is invested; how the remaining surplus is used or secured; whether any and what special charges tended to reduce the surplus; and if the Bank has other assets what they are and their value.

NOTE.—In calculating the surplus, the arrears of interest due to Government and depositors and other charges such as establishment charges etc., if any remaining to be paid should also be taken to account.

15 (a) Rs 20-2-4.

(b) the whole of Rs 20-2-4.

(c) Rs 20-2-4.

(d) It has been deposited in Government Treasury.

(e) None.

17. As regards meetings of General Assembly, note whether the rules for convening these, the conduct of business therein and the recording and registering of resolutions are understood and duly given effect to; if not, explain the same to the office bearers and others present. Note whether meetings had been held regularly every half year; whether any and what number of extraordinary meetings had been held since last inspection; whether notices had been duly given to members; whether members were generally taking interest in the Bank affairs; or whether there was party feeling; whether special resolutions had been duly confirmed and registered; whether any resolutions were inconsistent with the articles of association or other provisions of law.

16 (a) yes.

(b) also explained.

(c) yes.

(d) None.

(e) yes.

(f) yes

(g) No.

(h) No such resolutions passed.

(i) No.

15

18. (a) As regards Board of Directors, note whether and how often they meet for transaction of business; (b) whether their resolutions are duly recorded in a book; (c) if they do not meet, what arrangements exist for the discharge of their duties and functions and what record exists of their proceedings; (d) whether any and which of them have been taking special interest in and working with zeal for the progress of the institution.

17(a) As often as is necessary.

(b) yes in the minute book.

(c) See my answer to query (a).

(d) The agent Kencharaeerappa with the help of an efficient writer. Ramanna is managing the affairs of the Bank satisfactorily

19. (a) As regards supervision, whether any and what arrangements the general assembly had made for control and audit; (b) are they effective and satisfactory.

18(a) Ramanna who is a pumarla of the Bank has been appointed to audit the Bank accounts vide Bank Proceedings No. 19 dated 14th February 1903. The agent has been instructed to appoint an independent auditor.

(b) yes.

(g) —.

(h) —.

(i) Yes.

(j) No arrears of interest due.

15. As regards surplus—Note what this amounts to up to date of inspection, taking into account the arrears remaining unrecovered of interest and other items of income; how much of this has been realized; what amount has been carried to the Reserve Fund by resolution of the General Assembly; how the Reserve Fund is invested; how the remaining surplus is used or secured; whether any and what special charges tended to reduce the surplus; and if the Bank has other assets what they are and their value.

NOTE.—In calculating the surplus, the arrears of interest due to Government and depositors and other charges such as establishment charges etc., if any remaining to be paid should also be taken to account.

15 (a) Rs 20-2-4.

(b) The whole of Rs 20-2-4.

(c) Rs 20-2-4.

(d) It has been deposited in Government Treasury.

(e) None.

16. As regards meetings of General Assembly, note whether the rules for convening these, the conduct of business therein and the recording and registering of resolutions are understood and duly given effect to; if not, explain the same to the office bearers and others present. Note whether meetings had been held regularly every half year; whether any and what number of extraordinary meetings had been held since last inspection; whether notices had been duly given to members; whether members were generally taking interest in the Bank affairs; or whether there was party feeling; whether special resolutions had been duly confirmed and registered; whether any resolutions were inconsistent with the articles of association or other provisions of law.

16 (a) yes.

(b) also explained.

(c) yes.

(d) None.

(e) yes.

(f) yes.

(g) No.

(h) No such resolutions passed.

(i) No.

16

20. As regards registers and accounts, see appended list, note therein which of them is kept and how.

I. Register of members
II. ,, of applications for loan
III. Cash book
IV. Ledger
V. Minute book
VI. Register of balance sheets
VII. Property Register
VIII. Register of monthly cash abstract
IX. Register of bonds
X. Receipts by Bank to members
XI. Depositors' Ledger
XII. Treasury pass book
XIII. Chalan book
XIV. Cheque book
XV. Receipts by members to Bank
XVI. Register of Directors
XVII. Register of Directors' Proceedings
XVIII. Register of applications of loans
XIX. ,, of Contingent expenses
XX. ,, of disbursement of pay to Establishment
XXI. ,, of From letters
XXII. ,, of To letters
XXIII. Visitors' book
XXIV.—File of rules and orders

19. List marked B appended.

21. General remarks regarding the state of the Bank.

20. There is nothing to say against the state of the Bank as the transactions appear to have been strictly and honestly carried out all along.

Dated 28th April 1903.

S Bakarunddanaiger
Asstt Commissioner
in charge of
Sagar Sub-Division.

17

.0:457

Submitted to the Secretary to the
Government, General & Rev. Dept.
30-6-03 D. Ramachandra Rajappa
Supt of Agt Banks

(A) Summary of transactions of the Agr
the Kumasi Sub Zabak Since the forme
Inspection.

Receipts.	Amount			Ex
Loan obtained from Government	2500	.	.	Am Rec
Loan from depositors		"	"	Insta
Loans repaid ———	1000	"	"	Inte
Interest received	590	12	8	Pay of
Entrance fee .	9	8	0	
				Am
Total...	4100	4	8	Loa
				Prin

icultural Bank at Vitagondanakoppa in
Area of the Bank up to the date of

xpenditure	Amount.		
ount lent — — —	2500	"	"
erve fund —	20	2	·
lments paid to Government	1000	·	·
est paid to Government	428	9	1·
Establishment and —	147	8	8·
Contingencies			
ount returned to members	·	5	11·
ing been recovered in excess			
ting and other charges	3	11	
Total	4100	4	8·

Dated
28·4·03.

S. Balasundaram
Assistant Commissioner
in charge of Sagar Sub division

(B).

List of Registers and Accounts maintained in the Agricultural Bank office at Vitagondanakoffa in the Kumsi Sub Talnk Shimaga District

No.	Name of Register or Account.	State of Register or Account.
1	Register of Members.	Neatly kept
2	do of Application for loans	well kept.
3	Cash Book	Properly maintained
4	Ledger	Kept Correctly.
5	Minute Book	Well kept.
6	Register of balance sheet	Well kept.
7	Property Register	Not kept. Instructed to keep one
8	Register of Monthly cash abstract	Well kept
9	Receipts by Bank to Members	Do
10	Register of Bonds	Do
11	Treasurer Pass Book	Do

12	Cheque Book	No
13	Register of Directors	do
14	do Directors Proceedings	Not kept
15	Chelan Book	Well kept
16	Register of "From" Letters	do
17	do of "To" Letters	do
18	Receipts by members to Bank	Not kept
19	Register of appropriation of loans	do
20	do of Contingent expenses	do
21	do of Disbursement of pay to Establishment	Kept
~~22~~	~~Voucher Book~~	~~Not kept~~
23	Depositors Ledger	No deposits in the Bank
24	Register of Reserve Fund	Not kept

Valid
28.4.03

S Balasundaramiyer
Assistant Commissioner
in charge of Salem Sub Division

681-4-0	1612-2-6	681-4-0	1612-2-6	681-4-0	1612-2-6	Nil	Nil	428-4-

197-12-0	"	"	"	230-8-0.	These are only approximate figures

Dated
28.4.03

S Balasundaramayya
Assistant Commissioner
in charge of Sagar Sub Division

21 Off for approval

Read:—

Paper No 1
File No
Cal No

Letter No 457 & 30.6.03 from the Inspector of Agricultural Banks, submitting the report on inspection by Mr. S Balasundaram Iyer, 2nd Assistant Commissioner, Shimoga District, of the Agricultural Bank at Vitasondakoppa, Kumsi Sub Taluk.

Ltr. R 288 dt 24.7.03 Order thereon:—nil
R.T. 41-1897-8

Recorded with the following observations:—

2. It is necessary that dates and hours should be fixed and arrangements made for the regular transaction of work.

3. The bank registers, accounts etc are reported to be kept in the Agent. The Agent's attention should be drawn to section

6 of the Articles of association 22

4. The register of property is not reported as to have not been maintained. The Dy Commissioner is requested to assign for the opening V bank to maintain the register in the prescribed form at an early date.

5. Corrections in the Cash book are reported to be initialled by the Agent alone. They should be initialled by the President and the Agent.

6. Regarding the operation of bank accounts the attention of the Board of Directors should be drawn to Section 64 of the Articles of association.

7. The following registers and accounts which are reported to have not been also not maintained should be kept:—

XV, VII, XVII (separately), XVIII, XIX and XXIII.

23 4

It is satisfactory to note that the bank has been paying the Govt regular in re- advance ~~[illegible]~~ and conducting it's affairs strictly and honestly.

22/7/03
Secretary

VC
21/7/03

Secd
Rk. 15/7

Jmie
VC 21/7/03

To
The Dy Commissioner,
Thoothukudi